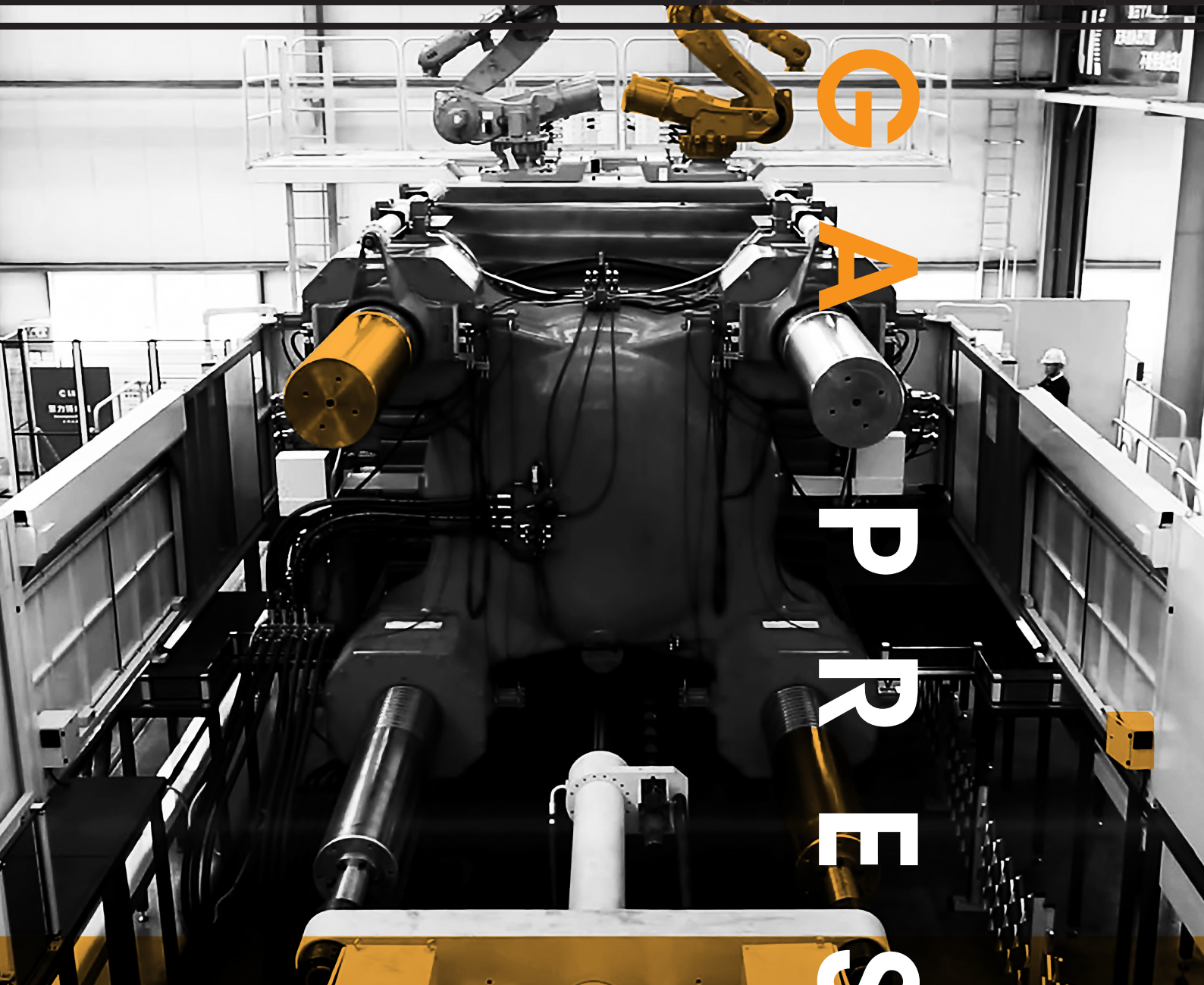


INTERIM REPORT

2021/22 · 中期報告



力勁科技集團有限公司
L.K. Technology Holdings Limited

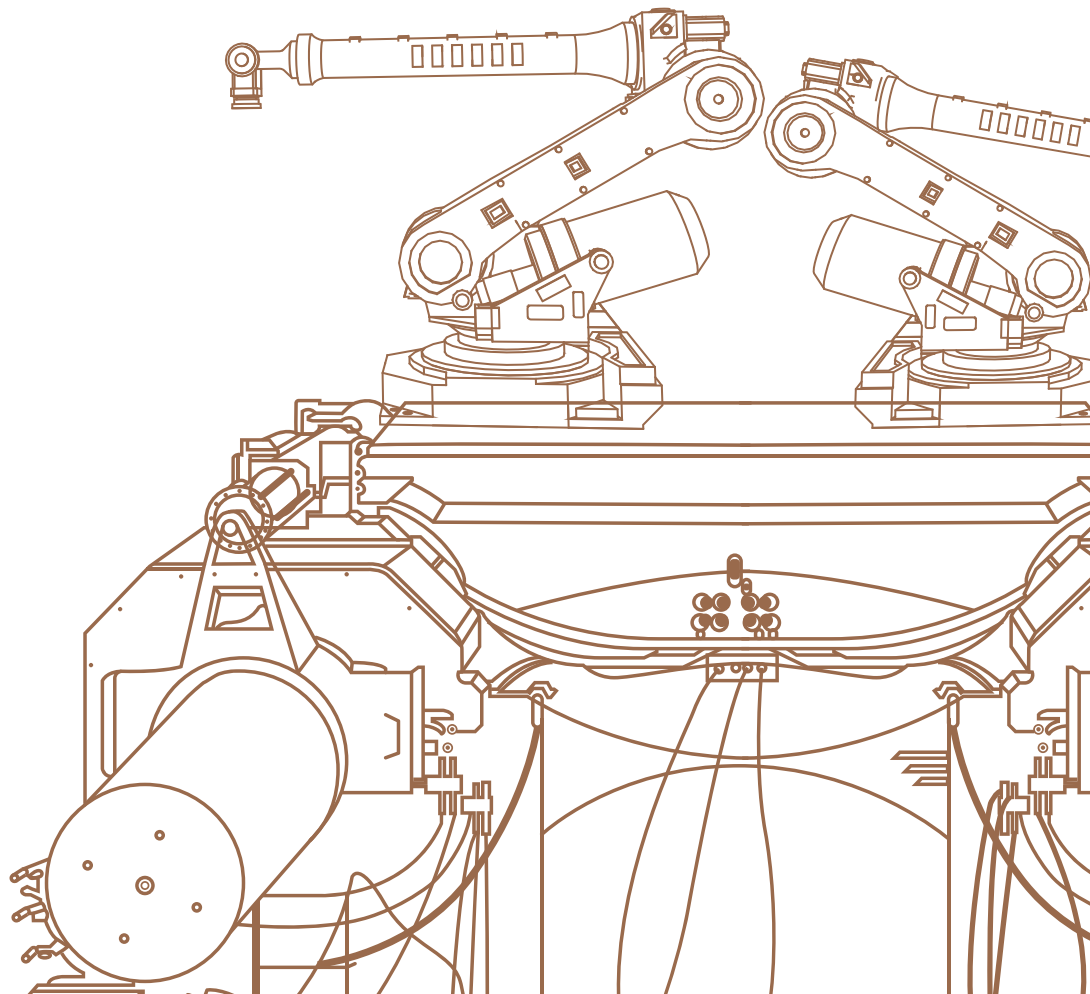
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 558)

CONTENTS

目錄

2	Financial Highlights		
3	Corporate Information		
4	Management Discussion and Analysis		
7	Other Information		
15	Report on Review of Interim Financial Information		
16	Condensed Consolidated Statement of Financial Position		
18	Condensed Consolidated Income Statement		
19	Condensed Consolidated Statement of Comprehensive Income		
20	Condensed Consolidated Statement of Changes in Equity		
22	Condensed Consolidated Statement of Cash Flows		
23	Notes to the Condensed Consolidated Interim Financial Information		



FINANCIAL HIGHLIGHTS

	(Unaudited)		Change %
	Six months ended 30 September		
	2021 HK\$'000	2020 HK\$'000	
Operating results:			
Revenue	2,773,518	1,734,642	59.9%
Gross Profit	805,456	460,898	74.8%
Gross profit margin	29.0%	26.6%	2.4%
Operating profit	415,114	181,943	128.2%
Operating profit margin	15.0%	10.5%	4.5%
Profit attributable to owners of the Company	323,845	113,151	186.2%
Net profit margin	11.7%	6.5%	5.2%

	HK cents	HK cents (Restated)	
Basic and diluted earnings per share	23.7	8.6	175.6%

	(Unaudited)	(Audited)	Change %
	At 30 September	At 31 March	
	2021 HK\$'000	2021 HK\$'000	
Financial position:			
Total assets	6,724,759	5,478,376	22.8%
Net assets	3,362,503	2,461,272	36.6%
Net current assets	1,360,183	594,613	128.8%
Cash and cash equivalents	961,377	588,391	63.4%
Total borrowings	855,008	1,165,552	-26.6%



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chong Siw Yin (*Chairperson*)
Mr. Liu Zhuo Ming (*Chief Executive Officer*)
Mr. Tse Siu Sze

Independent Non-executive Directors

Dr. Low Seow Chay
Dr. Lui Ming Wah, *PhD, SBS, JP*
Mr. Tsang Yiu Keung, Paul

COMPANY SECRETARY

Miss Chung Wing Man

AUTHORISED REPRESENTATIVES

Ms. Chong Siw Yin
Miss Chung Wing Man

AUDIT COMMITTEE

Mr. Tsang Yiu Keung, Paul
Dr. Lui Ming Wah, *PhD, SBS, JP*
Dr. Low Seow Chay

NOMINATION COMMITTEE

Dr. Low Seow Chay
Dr. Lui Ming Wah, *PhD, SBS, JP*
Mr. Tsang Yiu Keung, Paul

REMUNERATION COMMITTEE

Dr. Lui Ming Wah, *PhD, SBS, JP*
Mr. Tsang Yiu Keung, Paul
Dr. Low Seow Chay

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 8th Floor
Mai Wah Industrial Building
1-7 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Bank of China
Intesa Sanpaolo Spa

STOCK CODE

558

WEBSITE

www.lk.world



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2021 (the “Period under Review”), the Group recorded a revenue of HK\$2,773,518,000, representing an increase of approximately 60% as compared to the same period last year. The profit attributable to owners of the Company was HK\$323,845,000, representing a substantial increase of 186.2% as compared to a profit of HK\$113,151,000 in the corresponding period last year.

The Group’s revenue from the PRC market was HK\$2,229,079,000, representing an increase of 64.0% as compared to the same period last year.

In 2021, with the gradual improvement of the pandemic situation in China, the automotive industry has seen tremendous recovery and the automotive market is recovering significantly from a low base. The production and sales volume of vehicles saw a substantial increase as compared to the same period last year, and the growth in alternative fuel vehicle sales has far exceeded expectations. According to the data provided by China Association of Automobile Manufacturers, the production and sales volume of vehicles in China from January to September 2021 were 18.243 million and 18.623 million, respectively, representing an increase of approximately 7.5% and 8.7% as compared to the same period last year. The production and sales volume of alternative fuel vehicles saw a significant increase and amounted to 2.166 million and 2.157 million, respectively, representing an increase of 1.8 times and 1.9 times, respectively, which drove the demand for die-casting machines.

Revenue from the overseas market was HK\$544,439,000, representing an increase of 44.9% as compared to the same period last year. With the increase in vaccination rates and the gradual relaxation of social distancing measures, especially in European countries, major economies continue to gather recovery momentum, with clear signs that the demand for industrial equipment is turning around.

Die-casting Machine

During the Period under Review, the revenue of the Group’s die-casting machine and peripheral equipment business was HK\$1,889,649,000, representing an increase of 68.9% as compared to the same period last year.

Specifically, the revenue from the PRC market was HK\$1,449,404,000, representing an increase of 85.2% as compared to the same period last year. During the period, the automotive industry in China demonstrated a distinctive growth trend, driving the development of the automotive components industry.

Plastic Injection Moulding Machine

During the Period under Review, the revenue of the plastic injection moulding machine business of the Group was HK\$785,449,000, representing an increase of 39.2% as compared to the same period last year. Downstream industries of plastic injection moulding machine, such as medical care, packaging, small home appliances, and daily necessities, saw sound demands. Manufacturers are actively investing in new equipment.

Computerised Numerical Controlled (CNC) Machining Centre

During the Period under Review, the revenue of the Group’s CNC machining centre business was HK\$98,420,000, representing an increase of 90.0% as compared to the same period last year. As the Group endeavoured to reduce operating costs and enhance inventory management, the loss was further improved during the period.



FINANCIAL REVIEW

During the Period under Review, the overall gross profit margin of the business of the Group was 29.0%, representing an increase of 2.4% as compared to the same period last year, which was mainly due to the increase in operating efficiency.

Selling and distribution expenses amounted to HK\$234,946,000, amounting to 8.5% of revenue and representing a decrease of 0.9% as compared to the corresponding period last year.

General administrative expenses amounted to HK\$203,812,000, amounting to 7.3% of revenue and representing a decrease of 1.3% as compared to the corresponding period last year.

Net finance costs amounted to HK\$15,024,000, representing a decrease of 45.4% as compared to the corresponding period last year, which was mainly due to the significant decrease in bank loans which led to a decrease in interest expense.

PROSPECTS

China is committed to achieve peak carbon emissions by 2030 and becoming carbon neutral by 2060. China has also pledged to move from carbon peak to carbon neutrality in a much shorter time span than what might take in many developed countries, with an aim to fully establish a green and low-carbon circular economic development system. The alternative fuel vehicle industry shows obvious growth momentum, and the Group continues to make contributions to reforming the alternative fuel vehicle manufacturing technology.

With the global alternative fuel vehicle industry gaining high-growth momentum, the Group has strong level of orders on hand currently, and its production is intense yet orderly. Unless unforeseen circumstances arise, the Group is optimistic about the sustainable development of its business operation. In the meantime, the global economy is experiencing an obvious growth momentum, as major economies continue to implement loose monetary and fiscal policies and are making good progress in restarting their economies, which allowed the world to steadily recover from the pandemic.

The Group will continue to focus on the research and development of technologies for die-casting machine, plastic injection moulding machine and CNC machining centre, striving for breakthroughs to satisfy customers' ever-changing demands, so as to build a new stage for the Group to achieve sustainable growth.

LIQUIDITY AND FINANCIAL RESOURCES

The working capital of the Group was generally financed by internal cash flows generated from its operation and existing banking facilities. As at 30 September 2021, the Group's cash and cash equivalents amounted to HK\$961,377,000 (31 March 2021: HK\$588,391,000).

The gearing ratio of the Group is measured as net debt^(Note) divided by total equity. The Group had a net cash position as at 30 September 2021. As a result, no gearing ratio was presented (31 March 2021: the gearing ratio was approximately 23.4%).

Note: Net debt is calculated as total borrowings less cash and cash equivalents.

As at 30 September 2021, the capital structure of the Company was constituted exclusively of 1,376,391,500 ordinary shares of HK\$0.1 each. The total amount of outstanding borrowings was HK\$855,008,000 (31 March 2021: HK\$1,165,552,000), approximately 82.5% (31 March 2021: 93.4%) of which being short-term loans. Approximately 34.6% (31 March 2021: 20.0%) of the total borrowing was subject to interest payable at fixed rates.

FINANCIAL GUARANTEES

The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 30 September 2021, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to HK\$20,397,000 (31 March 2021: HK\$19,857,000).

The Group has also provided guarantees in respect of financial facilities granted by leasing finance providers to the Group's customers. The amount of outstanding loans due by these customers to the leasing finance providers as at 30 September 2021 was HK\$535,000 (31 March 2021: HK\$4,619,000).

PLEDGE OF ASSETS

As at 30 September 2021, the Group's banking facilities and financial guarantee contracts were secured by the assets of the Group, including restricted bank balances, right-of-use assets, investment properties, property, plant and equipment and bills receivables, with aggregate carrying amounts of HK\$801,534,000 (31 March 2021: HK\$685,225,000).

CAPITAL COMMITMENTS

As at 30 September 2021, the Group had capital commitments in respect of acquisition of property, plant and equipment contracted but not provided in the condensed consolidated interim financial information amounting to HK\$281,350,000 (31 March 2021: HK\$316,014,000).

STAFF AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed approximately 4,400 full time staff. The staff costs for the Period under Review amounted to HK\$411,362,000 (2020: HK\$269,747,000). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefit such as mandatory provident fund, state-managed social welfare scheme, share option scheme and share award scheme.

On 24 September 2021, the Company granted an aggregate of 27,540,000 share options (the "Share Options") to 390 employees of the Group. Details of the above grant of the Share Options are set out in the announcement dated 24 September 2021.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of

Part XV of Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin ("Ms. Chong")	the Company	See Note ⁽¹⁾	848,078,004 ⁽¹⁾ Long position	61.62%
	the Company	Beneficial owner	3,105,000 ⁽²⁾ Long position	0.23%
	the Company	Interest of spouse	5,722,750 ⁽³⁾ Long position	0.42%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	848,078,004 ⁽⁴⁾ Long position	61.62%
	the Company	Beneficial owner	1,000,000 ⁽⁵⁾ Long position	0.07%
Mr. Tse Siu Sze ("Mr. Tse")	the Company	Interest of spouse	50,000 ⁽⁶⁾	0.004%

Notes:

- These 848,078,004 shares are owned by Girgio Industries Limited ("Girgio"). Girgio is owned as to 95% by Fullwit Profits Limited ("Fullwit") as trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song ("Mr. Liu"), the spouse of Ms. Chong. Fullwit is wholly-owned by Ms. Chong. Ms. Chong is deemed to be interested in the shares held by Girgio through Fullwit and Mr. Liu.
- 3,105,000 underlying shares held by Ms. Chong, of which 300,000 are held by virtue of the interests in the share options of the Company granted to her on 24 September 2021.
- These 5,722,750 shares are beneficially owned by Mr. Liu.
- Mr. Liu Zhuo Ming is deemed to be interested in the 848,078,004 shares held by Girgio as a beneficiary of The Liu Family Trust. Mr. Liu Zhuo Ming is the son of Mr. Liu and Ms. Chong.
- 1,000,000 underlying shares are held by Mr. Liu Zhuo Ming by virtue of the interests in the share options of the Company granted to him on 24 September 2021.
- 50,000 underlying shares are held by Mr. Tse by virtue of the interests in the share options of the Company granted to his spouse on 24 September 2021.

Long position in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares	Approximate percentage of shareholding
Mr. Tse Siu Sze	Zhongshan L.K. Machinery Co. Ltd.	Beneficial owner	5,800,000	2.62%

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND LONG POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2021, according to the relevant disclosure of the interest information as shown on the HKExnews website of HKEx and the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Girgio	Beneficial owner	848,078,004 ⁽¹⁾ Long position	61.62%
Mr. Liu	See Note ⁽²⁾	848,078,004 ⁽²⁾ Long position	61.62%
	See Note ⁽²⁾	3,105,000 ⁽²⁾ Long position	0.22%
	Beneficial owner	5,722,750 Long position	0.42%
Fullwit	See Note ⁽¹⁾	848,078,000 ⁽¹⁾ Long position	61.61%
HSBC International Trustee Limited	See Note ⁽³⁾	848,078,000 ⁽³⁾ Long position	61.61%
Cantrust (Far East) Limited	See Note ⁽⁴⁾	138,434,999 ⁽⁴⁾ Long position	10.06%

Notes:

1. These 848,078,004 shares are owned by Girgio. Girgio is owned as to 95% by Fullwit as trustee of The Liu Family Unit Trust and 5% by Mr. Liu. Fullwit is wholly-owned by Ms. Chong.
2. Mr. Liu is the spouse of Ms. Chong and is deemed to be interested in the shares held by Ms. Chong. Besides, Mr. Liu holds 5% interest in Girgio.
3. HSBC International Trustee Limited is the trustee of The Liu Family Trust. The Liu Family Trust was established by Mr. Liu on 22 February 2002 as an irrevocable discretionary trust for the benefit of Ms. Chong and the children of Mr. Liu and Ms. Chong. HSBC International Trustee Limited as trustee of The Liu Family Trust owns 99.9% of the units issued under The Liu Family Unit Trust and Ms. Chong owns the remaining 0.1% of the units.
4. Singularity Co. Ltd., had declared an interest in 138,434,999 shares in the Company, both CloudAlpha Master Fund and CloudAlpha Concentrated Master Fund had declared interests in the same 138,434,999 shares by virtue of their interests in Singularity Co. Ltd.. CloudAlpha Capital Management Limited, had declared an interest in the same 138,434,999 shares by virtue of its shareholding in the aforesaid Master Funds. Arya Yang Family Limited, had declared an interest in the same 138,434,999 shares by virtue of its shareholding in CloudAlpha Capital Management Limited. Cantrust (Far East) Limited, a trustee of a trust, had declared an interest in the 103,826,249 shares (being 75% of the same 138,434,999 shares) by virtue of its shareholding in Arya Yang Family Limited. Yang Jin had declared an interest in 103,826,249 shares (being 75% of the same 138,434,999 shares) by the virtue of his shareholding in CloudAlpha Capital Management Limited.

Save as disclosed above, the Directors of the Company were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who has interest in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred therein.

SHARE OPTION SCHEME

A share option scheme (the “Share Option Scheme”) was adopted pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 8 September 2016 and would remain in force for a period of 10 years.

On 24 September 2021, the Company granted an aggregate of 27,540,000 share options to 390 employees of the Group under the Share Option Scheme. Movements in the outstanding share options of the Company granted under the Share Option Scheme during the six months ended 30 September 2021 were as follows:

Name	Date of grant	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 September 2021	No. of share options exercisable during the exercisable period ⁽³⁾
			Balance outstanding as at 1 April 2021	Granted during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Exercised during the Interim Period		
Directors									
Ms. Chong Siw Yin	24 September 2021	19.86	-	120,000	-	-	-	120,000	120,000 (25 September 2023 to 23 September 2031)
	24 September 2021	19.86	-	90,000	-	-	-	90,000	90,000 (25 September 2024 to 23 September 2031)
	24 September 2021	19.86	-	90,000	-	-	-	90,000	90,000 (25 September 2025 to 23 September 2031)
Mr. Liu Zhuo Ming	24 September 2021	19.86	-	400,000	-	-	-	400,000	400,000 (25 September 2023 to 23 September 2031)
	24 September 2021	19.86	-	300,000	-	-	-	300,000	300,000 (25 September 2024 to 23 September 2031)
	24 September 2021	19.86	-	300,000	-	-	-	300,000	300,000 (25 September 2025 to 23 September 2031)

OTHER INFORMATION

Name	Date of grant	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 September 2021	No. of share options exercisable during the exercisable period ⁽³⁾
			Balance outstanding as at 1 April 2021	Granted during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Exercised during the Interim Period		
Miss Liu Ying Ying ⁽¹⁾	24 September 2021	19.86	-	60,000	-	-	-	60,000	60,000 (25 September 2023 to 23 September 2031)
	24 September 2021	19.86	-	45,000	-	-	-	45,000	45,000 (25 September 2024 to 23 September 2031)
	24 September 2021	19.86	-	45,000	-	-	-	45,000	45,000 (25 September 2025 to 23 September 2031)
Ms. Lau Yau Ting ⁽²⁾	24 September 2021	19.86	-	20,000	-	-	-	20,000	20,000 (25 September 2023 to 23 September 2031)
	24 September 2021	19.86	-	15,000	-	-	-	15,000	15,000 (25 September 2024 to 23 September 2031)
	24 September 2021	19.86	-	15,000	-	-	-	15,000	15,000 (25 September 2025 to 23 September 2031)
			-	1,500,000	-	-	-	1,500,000	

Notes:

1. An employee of Zhongshan L.K. Machinery Co. Ltd.* (中山力勁機械有限公司) and L.K. Machinery International Limited (subsidiaries of the Company) and a daughter, being an associate of (i) a Director (Ms. Chong) and (ii) a controlling shareholder (Mr. Liu) of the Company.
2. An employee of L.K. Machinery International Limited and the spouse of Mr. Tse, being an associate of a Director of the Company.

* English translation or transliteration of Chinese name for identification purpose only



OTHER INFORMATION

3. The Share Options will be vested in three tranches, subject to the terms of the Share Option Scheme and the fulfilment of the following vesting conditions:

Percentage of exercisable Share Options	Exercise period	Vesting conditions
40% of the Share Options	exercisable during the period commencing from the first trading day after the second anniversary of the date of grant up to and including 23 September 2031	upon satisfaction of the specific performance indicators based on the appraisal mechanism for the relevant grantees for specified financial years
30% of the Share Options	exercisable during the period commencing from the first trading day after the third anniversary of the date of grant up to and including 23 September 2031	
30% of the Share Options	exercisable during the period commencing from the first trading day after the fourth anniversary of the date of grant up to and including 23 September 2031	

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “Share Award Scheme”) on 28 October 2015 (the “Adoption Date”). The purpose of the Share Award Scheme is to recognize the contributions of the employees (including without limitation employees who are also directors) of the Group and to give incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the growth and further development of the Group.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at their absolute discretion select any employee for participation in the Share Award Scheme as a selected employee. The Board may determine the number of shares of the Company to be awarded to each selected employee and may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the award as it may at its absolute discretion think fit.

The Board shall not make any further award which will result in the total number of shares awarded by the Board under the Scheme exceeding 10 per cent. of the issued share capital of the Company as at the Adoption Date. The total number of shares which may be awarded to a selected employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1 per cent. of the issued share capital of the Company as at the Adoption Date.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

During the six months ended 30 September 2021, the Company has not purchased any shares of the Company through the trustee in the open market on the Stock Exchange for the purpose of the Share Award Scheme. There were no shares awarded to employees pursuant to the Share Award Scheme during the period.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK6 cents per share for the six months ended 30 September 2021 (2020: HK3 cents per share) to the shareholders whose names appear on the register of members of the Company on Thursday, 23 December 2021. The interim dividend will be paid on or about Friday, 7 January 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 December 2021 to Thursday, 23 December 2021, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Top-Up Placing and Subscription of Shares

On 26 April 2021, Girgio Industries Limited, a controlling shareholder of the Company, (the "Vendor") and the Company entered into the placing and subscription agreement with CLSA Limited (as the sole placing agent, the "Placing Agent"), pursuant to which, the Placing Agent had agreed to place a total of 60,000,000 then existing ordinary shares of the Company at a price of HK\$9.50 per share (the "Placing Price") owned by the Vendor to no less than six independent placees on a best effort basis (the "Placing"), while the Vendor conditionally agreed to subscribe for new ordinary shares of the Company, the number of which is equal to the number of the placing shares placed by the Placing Agent at an issue price equal to the Placing Price (the "Subscription"). The Placing Price represented a discount of approximately 9.00% to the closing price of HK\$10.44 per share as quoted on the Stock Exchange on the last trading date prior to the signing of the placing and subscription agreement, i.e., 26 April 2021. Completion of the Placing and the Subscription took place on 29 April 2021 and 3 May 2021, respectively.

The net proceeds from the Subscription are estimated to be approximately HK\$562.23 million, net of expenses incurred by the Vendor in relation to the Placing and the Subscription. The Company intends to use the net proceeds from the Subscription for increasing production efficiency and capacity of the Group's business, and as general working capital of the Group. The net placing price, after deducting all professional fees and other out-of-pocket expenses incurred by the Vendor, which are ultimately borne by the Company, is estimated at approximately HK\$9.37 per placing share. The proceeds from the Subscription are and will be continuously used according to the plans disclosed in the announcements dated 26 April 2021 of the Company. Details of the Placing and the Subscription are set out in the announcements dated 26 April 2021 and 3 May 2021.

Save as disclosed above, during the six months ended 30 September 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

L.K. HIGH-TECH INDUSTRIAL PARK URBAN RENEWAL PROJECT* (力勁高新科技工業園城市更新項目)

As at 30 September 2021, monetary consideration of RMB70,000,000 was received by L.K. Machinery (Shenzhen) Co., Ltd.* (力勁機械(深圳)有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company (as the vendor) from Shenzhen Wanjin Investment Co., Ltd.* (深圳市萬勁投資有限公司), a company established in the PRC with limited liability (as the purchaser) in relation to urban renewal project titled L.K. High-tech Industrial Park Urban Renewal Project* (力勁高新科技工業園城市更新項目) (the "Urban Renewal Project"). The project continues as scheduled. Details of the L.K. High-tech Industrial Park Urban Renewal Project are set out in the announcements dated 28 December 2020, 12 January 2021, 18 January 2021, 27 January 2021 and the circular dated 4 March 2021.

* English translation or transliteration of Chinese name for identification purpose only

ISSUE OF BONUS SHARES

The Company issued a bonus issue of one new ordinary share for every ten ordinary shares held by shareholders whose names appear on the register of members of the Company on 15 September 2021. The bonus issue was completed on 27 September 2021.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the Period under Review.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Lui Ming Wah and Dr. Low Seow Chay. Mr. Tsang Yiu Keung, Paul is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the Period under Review.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2021. PricewaterhouseCoopers, the Group’s external auditor, also reviewed the unaudited condensed interim financial information for the six months ended 30 September 2021 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

Chong Siw Yin

Chairperson

Hong Kong, 29 November 2021



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of L.K. Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 16 to 46, which comprises the condensed consolidated statement of financial position of L.K. Technology Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2021 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 ‘Interim Financial Reporting’.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 November 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	Notes		
Non-current assets			
Intangible assets	7	14,557	14,941
Property, plant and equipment	8	1,282,371	1,173,530
Investment properties	8	409,854	342,822
Right-of-use assets	8	351,445	357,202
Interests in associates		16,801	16,495
Other receivables and deposits		125,568	56,821
Deferred income tax assets		98,493	92,966
Trade and bills receivables	9	26,823	14,397
Financial asset at fair value through other comprehensive income	5.3	6,024	5,952
Restricted bank balances		680	880
Total non-current assets		2,332,616	2,076,006
Current assets			
Insurance policy investments	5.3	–	12,840
Inventories		1,367,317	1,147,324
Trade and bills receivables	9	1,669,543	1,387,926
Other receivables, prepayments and deposits		282,041	201,960
Restricted bank balances		111,865	63,929
Cash and cash equivalents		961,377	588,391
Total current assets		4,392,143	3,402,370
Total assets		6,724,759	5,478,376
Equity			
Share capital	10	137,640	119,127
Reserves		1,619,193	1,014,472
Retained earnings		1,605,670	1,327,673
Total equity		3,362,503	2,461,272

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Deferred income tax liabilities		59,871	49,709
Borrowings	11	149,644	76,776
Lease liabilities		15,786	20,569
Other payables and deposits	12	104,995	62,293
Total non-current liabilities		330,296	209,347
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	12	2,269,029	1,678,841
Borrowings	11	705,364	1,088,776
Lease liabilities		9,741	10,213
Current income tax liabilities		47,826	29,927
Total current liabilities		3,031,960	2,807,757
Total liabilities		3,362,256	3,017,104
Total equity and liabilities		6,724,759	5,478,376

The notes on pages 23 to 46 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

	Notes	(Unaudited)	
		Six months ended 30 September	
		2021	2020
		HK\$'000	HK\$'000
Revenue	13	2,773,518	1,734,642
Cost of sales	15	(1,968,062)	(1,273,744)
Gross profit		805,456	460,898
Other income	13	53,317	32,299
Other gains – net	14	7,283	12,250
Selling and distribution expenses	15	(234,946)	(162,924)
General administrative expenses	15	(203,812)	(149,229)
Provision for impairment of trade receivables – net	15	(12,184)	(11,351)
Operating profit		415,114	181,943
Finance income		3,571	3,826
Finance costs		(18,595)	(31,318)
Finance costs – net	17	(15,024)	(27,492)
Share of profits of associates		107	336
Profit before income tax		400,197	154,787
Income tax expenses	18	(76,352)	(41,636)
Profit for the period attributable to owners of the Company		323,845	113,151
		HK cents	HK cents (Restated)
Earnings per share for profit attributable to owners of the Company during the period			
– Basic	19(a)	23.7	8.6
– Diluted	19(b)	23.7	8.6

The notes on pages 23 to 46 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period attributable to owners of the Company	323,845	113,151
Other comprehensive income/(loss) for the period:		
Items that may be reclassified to profit or loss		
Currency translation difference	25,568	55,226
Change in value of insurance policy investments	(26)	169
Loss on disposal of insurance policy investments	222	–
Item that will not be reclassified to profit or loss		
Gain on revaluation of property, plant and equipment upon transfer to investment properties	22,838	–
Total comprehensive income for the period, net of tax, attributable to owners of the Company	372,447	168,546

The notes on pages 23 to 46 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

Attributable to owners of the Company (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Share reserve HK\$'000	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Insurance policy investments reserve HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2021	119,127	579,809	13,771	98,626	11,116	265,860	45,118	(196)	368	1,327,673	2,461,272
Profit for the period	-	-	-	-	-	-	-	-	-	323,845	323,845
Other comprehensive income/(loss)											
Currency translation difference	-	-	-	25,568	-	-	-	-	-	-	25,568
Change in value of insurance policy investments	-	-	-	-	-	-	-	(26)	-	-	(26)
Gain on revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	-	-	22,838	-	-	-	22,838
Loss on disposal of insurance policy investments	-	-	-	-	-	-	-	222	-	-	222
Total comprehensive income	-	-	-	25,568	-	-	22,838	196	-	323,845	372,447
Employees' incentive programmes (Note 10(b))	-	-	-	-	1,994	-	-	-	-	-	1,994
Transfer to statutory reserve	-	-	-	-	-	8,310	-	-	-	(8,310)	-
Transaction with owners in their capacity as owners											
Placement of shares (Note 10(a))	6,000	556,546	-	-	-	-	-	-	-	-	562,546
Issue of bonus shares (Note 10(a))	12,513	(12,513)	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(37,538)	(37,538)
Other	-	-	-	-	1,782	-	-	-	-	-	1,782
	18,513	544,033	-	-	3,776	8,310	-	-	-	(45,848)	528,784
At 30 September 2021	137,640	1,123,842	13,771	124,194	14,892	274,170	67,956	-	368	1,605,670	3,362,503

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

Attributable to owners of the Company (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Share reserve HK\$'000	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Insurance policy investments reserve HK\$'000	Financial assets at fair value through other comprehensive income reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2020	119,127	579,809	13,771	(67,662)	11,116	251,506	45,118	(598)	368	1,034,097	1,986,652
Profit for the period	-	-	-	-	-	-	-	-	-	113,151	113,151
Other comprehensive income											
Currency translation difference	-	-	-	55,226	-	-	-	-	-	-	55,226
Change in value of insurance policy investments	-	-	-	-	-	-	-	169	-	-	169
Total comprehensive income	-	-	-	55,226	-	-	-	169	-	113,151	168,546
Transfer from statutory reserve	-	-	-	-	-	(709)	-	-	-	709	-
At 30 September 2020	119,127	579,809	13,771	(12,436)	11,116	250,797	45,118	(429)	368	1,147,957	2,155,198

The notes on pages 23 to 46 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	374,593	361,864
Interest paid	(21,223)	(30,249)
Income tax paid	(61,143)	(25,924)
Net cash generated from operating activities	292,227	305,691
Cash flows from investing activities		
Payments for intangible assets	(2,536)	(4,108)
Purchases of property, plant and equipment	(170,685)	(84,544)
Deposits for purchases of property, plant and equipment	(76,257)	(1,658)
Proceeds from disposals of property, plant and equipment	2,457	1,620
Proceeds from disposals of right-of-use assets	–	2,151
Deposits received in relation to the Urban Renewal Project	42,169	–
Dividend received from an associate	–	2,273
Proceeds from disposals of insurance policy investments	12,814	–
Interest received	3,571	3,826
Net cash used in investing activities	(188,467)	(80,440)
Cash flows from financing activities		
Net proceeds from placement of shares (Note 10(a))	562,546	–
Proceeds in connection with employees' incentive programme	63,591	–
Inception of new bank borrowings	366,090	248,811
Repayment of bank borrowings	(673,263)	(559,959)
Net decrease in trust receipt loans	(11,840)	(45,516)
Payment of lease liabilities	(5,286)	(4,543)
Dividend paid	(37,538)	–
Net cash generated from/(used in) financing activities	264,300	(361,207)
Net increase/(decrease) in cash and cash equivalents	368,060	(135,956)
Cash and cash equivalents at beginning of period	588,391	713,793
Exchange differences on cash and cash equivalents	4,926	10,622
Cash and cash equivalents at end of period	961,377	588,459

The notes on pages 23 to 46 are integral part of this condensed consolidated interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

L.K. Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 October 2006. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The immediate and ultimate holding company of the Company is Girgio Industries Limited, a company incorporated in the British Virgin Islands.

The Company and its subsidiaries (the “Group”) are principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines, computerised numerical controlled (“CNC”) machining centre and related accessories.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the board (the “Board”) of directors (the “Directors”) on 29 November 2021.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

Income tax expenses in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 Amendments to standards adopted by the Group

A number of amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase II
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions

These amendments to existing standards did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES *(Continued)*

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
3. Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at 30 September 2021 and 31 March 2021.

As at 30 September 2021

	(Unaudited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	6,024	6,024

As at 31 March 2021

	(Audited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	5,952	5,952
Insurance policy investments <i>(Note ii)</i>	–	–	12,840	12,840
	–	–	18,792	18,792

Note i: As at 30 September 2021 and 31 March 2021, financial asset at fair value through other comprehensive income consist of an unlisted equity investment which is denominated in RMB and its fair value estimated by market approach.

Note ii: As at 31 March 2021, the fair value of insurance policy investments that is not traded in an active market is determined by reference to the expected return from the insurance policy investments.

There were no transfers of financial assets and liabilities between levels 1 and 2 of the value hierarchy classifications.

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

Level 3 fair value

Reconciliation of Level 3 fair value measurement of financial assets:

	(Unaudited)		
	Six months ended 30 September 2021		
	Financial asset at fair value through other comprehensive income HK\$'000	Insurance policy investments HK\$'000	Total HK\$'000
Financial assets			
Balance at 1 April 2021	5,952	12,840	18,792
Exchange difference	72	–	72
Net loss recognised in the condensed consolidated statement of comprehensive income	–	(26)	(26)
Disposal	–	(12,814)	(12,814)
Balance at 30 September 2021	6,024	–	6,024

	(Unaudited)		
	Six months ended 30 September 2020		
	Financial asset at fair value through other comprehensive income HK\$'000	Insurance policy investments HK\$'000	Total HK\$'000
Financial assets			
Balance at 1 April 2020	5,555	12,438	17,993
Exchange difference	127	–	127
Net gains recognised in the condensed consolidated statement of comprehensive income	–	169	169
Balance at 30 September 2020	5,682	12,607	18,289

There were no transfers into or out of Level 3 value hierarchy during the period.

The Group's 'trade, bills and other receivables', 'deposits', 'restricted bank balances', 'cash and cash equivalents' and 'trade, bills and other payables' are financial assets and liabilities not carried at fair value. As at both 30 September 2021 and 31 March 2021, the carrying values of these financial assets and liabilities approximated their respective fair values.



6 SEGMENT INFORMATION

The Group determines its operating segments based upon the internal reports reviewed by the chief operating decision maker (“CODM”) that are used to make strategic decisions. Segment results represent the profit/(loss) for the period before corporate expenses in each reportable segment. This is the measure reported to the Group’s management for the purpose of resource allocation and assessment of segment performance.

The measure used for reporting segment results is ‘profit from operations’, i.e. profit before finance income, finance costs and income tax expenses. To arrive at the profit/(loss) from operations, the Group’s profit is further adjusted for items not specifically attributed to individual segments.

The Group is organised into three main reportable segments.

- (i) Die-casting machine
- (ii) Plastic injection moulding machine
- (iii) CNC machining centre

For the six months ended 30 September 2021, none of the customers of the Group individually accounted for 10% or more of the Group’s total revenue (2020: same).

The segment results for the six months ended 30 September 2021 are as follows:

	Unaudited					
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total segments HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue						
External sales	1,889,649	785,449	98,420	2,773,518	-	2,773,518
Inter-segments sales	22,977	-	-	22,977	(22,977)	-
	1,912,626	785,449	98,420	2,796,495	(22,977)	2,773,518
Results						
Segment results	342,526	95,063	(5,444)	432,145	-	432,145
Administrative expenses						(17,031)
Finance income						3,571
Finance costs						(18,595)
Share of profits of associates						107
Profit before income tax						400,197

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

The segment results for the six months ended 30 September 2020 are as follows:

	Unaudited					
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total segments HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue						
External sales	1,118,759	564,091	51,792	1,734,642	–	1,734,642
Inter-segments sales	16,369	–	–	16,369	(16,369)	–
	1,135,128	564,091	51,792	1,751,011	(16,369)	1,734,642
Results						
Segment results	155,953	44,345	(6,242)	194,056	–	194,056
Administrative expenses						(12,113)
Finance income						3,826
Finance costs						(31,318)
Share of profits of associates						336
Profit before income tax						154,787

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

6 SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

As at 30 September 2021

	Unaudited			
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total HK\$'000
Assets				
Segment assets	4,489,676	1,450,011	756,827	6,696,514
Unallocated assets				28,245
Total assets				6,724,759
Liabilities				
Segment liabilities	2,237,201	897,084	186,461	3,320,746
Unallocated liabilities				41,510
Total liabilities				3,362,256

As at 31 March 2021

	Audited			
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total HK\$'000
Assets				
Segment assets	3,531,273	1,244,248	662,434	5,437,955
Unallocated assets				40,421
Total assets				5,478,376
Liabilities				
Segment liabilities	2,070,187	744,750	154,083	2,969,020
Unallocated liabilities				48,084
Total liabilities				3,017,104

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except for corporate assets, financial assets at fair value through other comprehensive income and insurance policy investments;
- all liabilities are allocated to reportable segments other than corporate liabilities; and
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

7 INTANGIBLE ASSETS

	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2020			
Opening net book amount as at 1 April 2020	10,087	2,800	12,887
Additions	4,108	–	4,108
Amortisation <i>(Note 15)</i>	(2,428)	–	(2,428)
Exchange difference	498	–	498
Closing net book amount as at 30 September 2020 (unaudited)	12,265	2,800	15,065
	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2021			
Opening net book amount as at 1 April 2021	12,141	2,800	14,941
Additions	2,536	–	2,536
Amortisation <i>(Note 15)</i>	(2,881)	–	(2,881)
Exchange difference	(39)	–	(39)
Closing net book amount as at 30 September 2021 (unaudited)	11,757	2,800	14,557

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000
Six months ended 30 September 2020			
Opening net book amount as at 1 April 2020	907,429	314,825	347,616
Additions	96,760	–	–
Disposals	(2,156)	–	(961)
Depreciation (Note 15)	(53,865)	–	(8,646)
Increase in fair value (Note 14)	–	4,537	–
Exchange difference	19,966	6,935	8,586
Closing net book amount as at 30 September 2020 (unaudited)	968,134	326,297	346,595

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000
Six months ended 30 September 2021			
Opening net book amount as at 1 April 2021	1,173,530	342,822	357,202
Additions	181,507	–	–
Disposals	(2,656)	–	–
Depreciation (Note 15)	(57,294)	–	(9,723)
Transfer of property, plant and equipment to investment properties (Note i)	(27,250)	27,250	–
Increase in fair value on date of change in use (Note i)	–	30,450	–
Increase in fair value (Note 14)	–	5,422	–
Exchange difference	14,534	3,910	3,966
Closing net book amount as at 30 September 2021 (unaudited)	1,282,371	409,854	351,445

Note i: During the six months ended 30 September 2021, property, plant and equipment of HK\$27,250,000 has been reclassified to investment properties as a result of change in usage. The fair value of the property, plant and equipment at the date of transfer was HK\$57,700,000, resulting in recognition of revaluation surplus of HK\$22,838,000 and deferred tax liabilities of HK\$7,612,000 in other comprehensive income and accumulated in revaluation reserve.

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS (Continued)

Urban Renewal Project

On 12 January 2021, L.K. Machinery (Shenzhen) Co., Ltd. (“L.K. (Shenzhen)”), a wholly-owned subsidiary of the Group, entered into a cooperation agreement (“Cooperation Agreement”) with Shenzhen Wanjin Investment Co., Ltd. (“Shenzhen Wanjin”/the “Purchaser”), pursuant to which L.K. (Shenzhen) agreed to sell, and Shenzhen Wanjin agreed to purchase, primarily the land use rights of certain industrial lands and properties (the “disposal properties”) located in Shenzhen Longhua, The People’s Republic of China (“PRC”), for a total consideration comprising monetary consideration of RMB350 million and certain resettlement properties. The Purchaser will be responsible for obtaining approval from relevant government authorities for the redevelopment and reconstruction works contemplated under the Urban Renewal Project. As at 30 September 2021, the aforementioned Urban Renewal Project had not been approved by the relevant government authorities. As at 30 September 2021, the disposal properties comprised of property, plant and equipment and right-of-use assets of approximately HK\$6,736,000 and HK\$9,608,000, respectively. These disposal properties were still in use for production and not vacated. Having considered the progress of the Urban Renewal Project, management do not expect the disposal of the disposal properties to be completed within one year from 30 September 2021. Management is of the view that the disposal properties do not meet the held for sale definition as per HKFRS 5 ‘Non-current assets held for sale and discontinued operations’. Hence, the disposal properties were not classified as assets held-for-sale as at 30 September 2021.

The fair values of the investment properties have been arrived at on the basis of valuations carried out by LCH (Asia-Pacific) Surveyors Limited (“LCH”) and Valor Appraisal & Advisory Limited (“Valor”), independent professional surveyor and valuer. LCH and Valor are members of the Hong Kong Institute of Surveyors (“HKIS”), and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

Description	Fair value measurements at 30 September 2021 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$’000	Significant other observable inputs (Level 2) HK\$’000	Significant unobservable inputs (Level 3) HK\$’000
	Recurring fair value measurements:		
	Investment properties (unaudited)	–	–

Description	Fair value measurements at 31 March 2021 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$’000	Significant other observable inputs (Level 2) HK\$’000	Significant unobservable inputs (Level 3) HK\$’000
	Recurring fair value measurements:		
	Investment properties (audited)	–	–

There were no transfers between Levels 1, 2 and 3 during the period.



8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Balance at 1 April	342,822	314,825
Transfer from property, plant and equipment	27,250	–
Increase in fair value on date of change in use	30,450	–
Increase in fair value <i>(Note 14)</i>	5,422	4,537
Exchange difference	3,910	6,935
Balance at 30 September	409,854	326,297
Total unrealised gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period <i>(Note 14)</i>	5,422	4,537

The valuations, which conform to the HKIS valuation standards, were based on the income approach which largely used unobservable inputs (e.g. unit rate, discount rate, etc.) and taking into account the significant adjustment on discount rate to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

There were no changes to the valuation technique during the period.

The key assumptions used for the valuation and their relationships to fair value are as follows:

Unobservable input	Relationship of unobservable inputs to fair value
Unit rate	The higher the unit rate, the higher the fair value
Discount rate	The higher the discount rate, the lower the fair value

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

9 TRADE AND BILLS RECEIVABLES

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Trade receivables	1,415,570	1,195,060
Less: Provision for impairment	(145,258)	(135,297)
	1,270,312	1,059,763
Bills receivables	426,054	342,560
	1,696,366	1,402,323
Less: Balance due after one year shown as non-current assets	(26,823)	(14,397)
Trade and bills receivables, net	1,669,543	1,387,926

As at 30 September 2021, the amount of provision for impaired trade receivables was HK\$145,258,000 (31 March 2021: HK\$135,297,000). The provision for impairment of trade receivables made during the current period was HK\$12,184,000 (30 September 2020: HK\$11,351,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

The ageing analysis of the gross trade receivables based on invoice date at the end of reporting period is as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Within 90 days	787,028	654,625
91–180 days	193,573	197,838
181–365 days	216,790	119,945
Over one year	218,179	222,652
	1,415,570	1,195,060

The maturity date of the bills receivables is generally between one to six months.

Goods sold to customers are either made on cash on delivery or on credit basis. Customers in general are required to pay deposits upon placing purchase orders, the remaining balances will be payable upon goods delivery to customers. Majority of customers are granted with credit terms ranging from one to six months. The Group also sells goods to certain customers with sales proceeds payable by installments which normally range from six to twelve months.



10 SHARE CAPITAL AND SHARE OPTION

(a) Share capital of the Company

	(Unaudited) Authorised: Number of ordinary shares of HK\$0.1 each	(Unaudited) Issued and fully paid HK\$'000
As at 31 March 2021	1,191,265,000	119,127
Placement of shares (<i>Note i</i>)	60,000,000	6,000
Issue of bonus shares (<i>Note ii</i>)	125,126,500	12,513
As at 30 September 2021	1,376,391,500	137,640

Note i: On 3 May 2021, the Company issued 60,000,000 ordinary shares at price of HK\$9.50 each through placement. The gross and net proceeds (after deduction of placing commission and other costs and expenses) from the placing were approximately HK\$570,000,000 and HK\$562,546,000, respectively.

Note ii: Pursuant to the bonus issue which was completed on 27 September 2021, a total of 125,126,500 bonus shares were issued on the basis of one bonus share for every ten existing shares (the "Bonus Issue") held on 15 September 2021.

(b) Share options of the Company

On 24 September 2021, the Board of the Company resolved to grant an aggregate of 27,540,000 share options (the "Share Options") to a total number of 390 eligible persons (the "Grantees"), including two executive Directors and 388 employees of the Group to subscribe for a total of 27,540,000 shares in the share capital of the Company under the share option scheme (the "Share Option Scheme") adopted by the Company on 8 September 2016.

The Share Options will be vested in three tranches. 40%, 30% and 30% of the Share options will be exercisable during the period commencing from the first trading day after the second, third and fourth anniversary of the date of grant respectively, up to and including 23 September 2031.

Set out below are summaries of options granted under the plan:

	Exercise price per share option HK\$	Number of options
As at 1 April 2021	–	–
Granted during the period	19.86	27,540,000
		27,540,000

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

10 SHARE CAPITAL AND SHARE OPTION *(Continued)*

(b) Share options of the Company *(Continued)*

The assessed fair values at grant date of share options granted on 24 September 2021 ranged from HK\$7.0 to HK\$8.0 per option. The fair values of the share options were independently determined using the binomial model. The significant inputs into the model were the closing stock price at grant date of HK\$17.1, volatility of 64.8%, risk-free rate of 1.3%, dividend yield of 2.8%, post vesting exit rate of 19.9% and exercise multiple of 2.2 times.

During the six months ended 30 September 2021, share based payment expense of HK\$1,994,000 was recognised in the condensed consolidated income statement and was credited in equity.

11 BORROWINGS

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Non-current:		
Bank borrowings	149,644	76,776
Current:		
Bank borrowings	696,105	1,055,991
Trust receipt loans	9,259	32,785
	705,364	1,088,776
	855,008	1,165,552
Secured:		
Bank borrowings	183,845	225,213
Unsecured:		
Bank borrowings	661,904	907,554
Trust receipt loans	9,259	32,785
	671,163	940,339
	855,008	1,165,552

11 BORROWINGS (Continued)

At 30 September 2021 and 31 March 2021, the Group's borrowings were repayable as follows:

	Trust receipt loans		Bank borrowings		Total	
	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000	(Unaudited) As at 30 September 2021 HK\$'000	(Unaudited) As at 31 March 2021 HK\$'000
Within 1 year	9,259	32,785	637,841	1,008,265	647,100	1,041,050
Bank borrowings due for repayment after one year (Note):						
After 1 year but within 2 years	-	-	49,050	51,928	49,050	51,928
After 2 years but within 5 years	-	-	26,256	12,978	26,256	12,978
After 5 years	-	-	132,602	59,596	132,602	59,596
	-	-	207,908	124,502	207,908	124,502
	9,259	32,785	845,749	1,132,767	855,008	1,165,552

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

At 30 September 2021, borrowings of approximately HK\$704,156,000 (31 March 2021: HK\$708,690,000), were borrowed from banks in the PRC by subsidiaries of the Group that are established in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

12 TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUALS

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Current portion		
Trade payables	865,171	738,003
Bills payables	421,814	198,041
Other deposits	5,830	6,465
Trade deposits and receipts in advance	473,298	351,399
Accrued salaries, bonuses and staff benefits	92,496	91,945
Accrued sales commission	78,104	63,375
Value added tax payable	29,235	14,479
Provision for warranty & installation	103,461	88,682
Others	199,620	126,452
	2,269,029	1,678,841

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Non-current portion		
Deposits (<i>Note i</i>)	84,337	41,667
Others	20,658	20,626
	104,995	62,293

Note i: As at 30 September 2021, the deposits represent the initial deposits of RMB70,000,000 (equivalent to approximately HK\$84,337,000) (31 March 2021: RMB35,000,000 (equivalent to approximately HK\$41,667,000)) received in relation to the Urban Renewal Project located in the PRC.

The ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Within 90 days	778,060	637,076
91–180 days	47,958	82,449
181–365 days	28,848	4,951
Over one year	10,305	13,527
	865,171	738,003

The maturity dates of the bills payables are generally between one to six months.

13 REVENUE AND OTHER INCOME

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Revenue for sales of goods recognised under HKFRS 15		
Die-casting machine	1,889,649	1,118,759
Plastic injection moulding machine	785,449	564,091
CNC machining centre	98,420	51,792
	2,773,518	1,734,642

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Other income		
Value added taxes refund	16,267	8,639
Other subsidies from government (<i>Note</i>)	22,688	9,654
Rental income	9,546	9,774
Sundry income	4,816	4,232
	53,317	32,299

Note: Other subsidies from government recognised were primarily related to grants received from government in relation to sales and research and development of self-developed products in the PRC. There were no unfulfilled condition and other contingencies attached to the receipts of those subsidies.

14 OTHER GAINS – NET

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Net foreign exchange gains	2,282	7,059
Increase in fair value of investment properties (<i>Note 8</i>)	5,422	4,537
Loss on disposals of property, plant and equipment	(199)	(536)
Gain on disposals of right-of-use assets	–	1,190
Loss on disposals of insurance policy investments	(222)	–
	7,283	12,250

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

15 EXPENSES BY NATURE

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Raw materials and consumables used	1,686,181	1,012,661
Change in inventories of finished goods and work in progress	(132,669)	(2,017)
Employees' benefit costs (Note 16)	411,362	269,747
Amortisation of intangible assets (Note 7)	2,881	2,428
Depreciation of property, plant and equipment (Note 8)	57,294	53,865
Depreciation of right-of-use assets (Note 8)	9,723	8,646
Research costs	12,228	8,749
Transportation expenses	56,735	38,927
Auditor's remuneration	2,009	2,028
Provision for impairment of trade receivables – net (Note 9)	12,184	11,351
(Reversal of)/provision for inventories write-down – net	(371)	9,250
Reversal of loss on financial guarantee contracts (Note 21)	(414)	(1,804)
Other expenses	301,861	183,417
	2,419,004	1,597,248
Represented by:		
Cost of sales	1,968,062	1,273,744
Selling and distribution expenses	234,946	162,924
General administrative expenses	203,812	149,229
Provision for impairment of trade receivables – net	12,184	11,351
	2,419,004	1,597,248

16 EMPLOYEES' BENEFITS COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Wages and salaries	371,162	247,635
Retirement scheme contributions	27,152	14,340
Other allowances and benefits	11,054	7,772
Employees' incentive programmes (Note 10(b))	1,994	–
	411,362	269,747

NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

17 FINANCE COSTS – NET

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Finance income:		
Interest income on short-term bank deposits	(3,571)	(3,826)
Finance costs:		
Interests on bank borrowings	19,648	31,126
Interest on lease liabilities	434	491
Charges on bills receivables discounted without recourse	1,141	717
Less: Capitalised into property, plant and equipment (<i>Note</i>)	(2,628)	(1,016)
	18,595	31,318
	15,024	27,492

Note: Borrowing costs capitalised during the six months ended 30 September 2021 arose from general borrowing pool and were calculated by applying a capitalisation rate of 3.7% (2020: 3.9%) to expenditure on qualifying assets.

18 INCOME TAX EXPENSES

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
– PRC income tax	68,951	40,519
– Hong Kong profits tax	–	(20)
– Overseas tax	10,062	35
	79,013	40,534
Deferred income tax	(2,661)	1,102
Tax charge	76,352	41,636



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INCOME TAX EXPENSES *(Continued)*

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

In accordance with the applicable Corporate Income Tax Law of the PRC, the Company's subsidiaries are taxed at statutory rate of 25% (2020: same).

Certain subsidiaries in Shenzhen, Zhongshan, Ningbo, Shanghai, Kunshan and Fuxin have been certified as High and New Technology Enterprises and are entitled to a concessionary tax rate of 15% for three years. They are entitled to re-apply for the preferential tax treatment when the preferential tax period expires.

Under the Corporate Income Tax Law of the PRC, dividends out of profit earned on or after 1 January 2008 from the subsidiaries in the PRC distributed to the Group will be subject to withholding income tax. The implementation rules of the Corporate Income Tax Law of the PRC provide for the withholding income tax on such dividend to be at 10% unless reduced by tax treaty. Pursuant to a double tax arrangement between the PRC and Hong Kong, Hong Kong tax resident companies could enjoy a lower withholding tax rate of 5% on dividends received from PRC. Provision for withholding tax is included in deferred taxation.

As at 30 September 2021, deferred income tax liabilities of HK\$12,187,000 (31 March 2021: HK\$10,053,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings that are subject to withholding tax amounted to HK\$243,722,000 at 30 September 2021 (31 March 2021: HK\$201,059,000). Such amounts are not intended to be distributed in the foreseeable future to the Group companies outside of the PRC. For the subsidiaries that we have an intention to distribute their respective retained earnings, we have recognised deferred tax liabilities of HK\$33,880,000 (31 March 2021: HK\$32,070,000) for the withholding tax as at 30 September 2021 that would be payable upon such distribution.

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2020: same) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdiction in which the Group operates.



19 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated profit attributable to the owners of the Company of HK\$323,845,000 (2020: HK\$113,151,000) and on the weighted average number of approximately 1,364,490,000 (2020: 1,310,392,000) ordinary shares in issue.

	(Unaudited)	
	Six months ended 30 September	
	2021	2020 (Restated)
Profit attributable to owners of the Company (HK\$'000)	323,845	113,151
Weighted average number of ordinary shares in issue (thousands)	1,364,490	1,310,392
Basic earnings per share (HK cents)	23.7	8.6

Note: The weighted average number of ordinary shares in issue and earnings per share for the six months ended 30 September 2021 were adjusted for the Bonus Issue on 27 September 2021. Comparatives figures have also been restated on the assumption that the Bonus Issue has been effective in prior period, excluding the portion related to the placement made in the current period (Note 10(a)(i)).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares.

For the six months ended 30 September 2021, the Group has one category of potentially dilutive ordinary share: the Share Options.

For the six months ended 30 September 2020, diluted earnings per share is of the same amount as the basic earnings per share as there were no potentially dilutive share outstanding during the year.

For the six months ended 30 September 2021, the Share Options were not assumed to be exercised as they would have an antidilutive impact to the basic earnings per share.

20 INTERIM DIVIDEND

At a meeting held on 29 November 2021, the board of directors has resolved to declare an interim dividend of HK6 cents per share (2020: HK3 cents per share) amounting to HK\$82,583,000 (2020: HK\$35,737,000). This declared dividend is not reflected as dividend payable in this condensed consolidated interim financial information, but will be recognised in shareholders' equity in the year ending 31 March 2022.



NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

21 FINANCIAL GUARANTEES

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
The amount of the outstanding loans granted by banks to customers to purchase the Group's products for which guarantees have been given by the Group to the banks	20,397	19,857

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK\$20,397,000 (31 March 2021: HK\$19,857,000) which are granted to certain customers of the Group to purchase its products. Pursuant to the terms of the guarantees, the Group is required to deposit a portion of the sales proceeds received from these customers with the banks. Upon default in repayments by these customers, the Group is responsible to repay the outstanding loan principals together with accrued interest and related costs owed by the defaulted customers to the banks, and the Group is entitled to take over the legal title and possession of the related products.

The Group's guarantee period starts from the dates of grant of the relevant bank loans and ends when these customers have fully repaid their bank loans.

During the six months period ended 30 September 2021, the Group recognised a reversal of loss of approximately HK\$414,000 (30 September 2020: HK\$1,804,000), as a result of repayment by customers of certain loans that defaulted in repayments in the prior years.

The Group has also provided guarantees in respect of financing facilities granted by leasing finance providers to the Group's customers. The amount of outstanding loans due by these customers to the leasing finance providers as at 30 September 2021 was approximately HK\$535,000 (31 March 2021: HK\$4,619,000).

The Company has provided guarantees in respect of banking facilities of its subsidiaries of approximately HK\$668,516,000 (31 March 2021: HK\$767,578,000). The facilities utilised by the subsidiaries as at 30 September 2021 amounted to HK\$110,239,000 (31 March 2021: HK\$401,048,000).



22 COMMITMENTS

(a) Capital commitments

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Capital expenditure contracted for at the end of the reporting period but not provided for are as follows:		
Property, plant and equipment	281,350	316,014

(b) Operating lease commitments

The Group as lessor

The Group leases out the investment properties and certain machinery under operating leases. The leases generally run for an initial period of one to five years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had contracted with lessees under non-cancellable operating leases in respect of buildings and machinery for the following future minimum leases receivable:

	(Unaudited) As at 30 September 2021 HK\$'000	(Audited) As at 31 March 2021 HK\$'000
Leases receivable:		
Within one year	3,852	4,427
In the second to fifth year	-	527
	3,852	4,954

23 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Except for those disclosed below and other than those disclosed elsewhere in the condensed consolidated interim financial information, the Group has no other significant transaction with related parties during the six months ended 30 September 2021 (six months ended 30 September 2020: same).

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Consultancy fee (<i>Note i</i>)	3,000	–

Note i: On 1 December 2020, the Company entered into a consultancy agreement with Mr. Liu Siang Song to appoint him as the strategic and technical consultant of the Company for the term from 1 December 2020 to 30 November 2023. This related party transaction was also the continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Key management compensation

The remuneration of directors and other members of key management personnel during the period were as follows:

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Wages and salaries, other allowances and benefits	16,883	8,526
Retirement scheme contributions	842	682
Employees' incentive programmes	495	–
	18,220	9,208



力勁科技集團有限公司

L.K. TECHNOLOGY HOLDINGS LIMITED

www.lk.world

Unit A, 8/F., Mai Wah Industrial Building,
1-7 Wah Sing Street, Kwai Chung,
New Territories, Hong Kong

香港新界葵涌華星街1-7號
美華工業大廈8樓A室

L . K . T E C H N O L O G Y



MIX
Paper from responsible sources
源自負責任的森林資源的紙張
FSC™ C127090